



2009-00205

May 29, 2009

Mr. Jeff DeRouen  
Executive Director  
Kentucky Public Service Commission  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, KY 40602

RECEIVED  
JUN 01 2009  
PUBLIC SERVICE  
COMMISSION

**RE: CITIPOWER, LLC - GAS COST ADJUSTMENT**

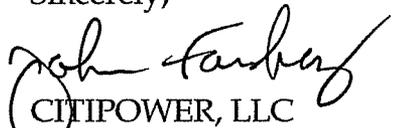
Dear Mr. DeRouen:

On behalf of Citipower, LLC, I am filing for gas cost recovery for the period commencing July 1, 2009. Enclosed is a rates and charges form and related calculations in which we base a request for rate changes. The cost of gas is based on prices from Citipower's suppliers - CitiGas, LLC [an affiliate of Citipower pursuant to 278.010(18)] and Citizens Gas Utility District. Also enclosed please find correspondence from the CEO of Citizens Gas Utility District as it relates to the cost of gas being \$5.00 per mmbtu plus the actual cost of natural gas based on the Tennessee/Louisiana 800 Leg Index. Also enclosed is a printout of May 28 2009 Tennessee/Louisiana 800 Leg Index and an invoice dated March 31, 2009 from Citizens Gas Utility District.

Citipower states that the current rates should be based on this rate as the three companies capable of delivering gas to Citipower are CitiGas, Citizens Gas, and Champ Oil. By letter dated April 16, 2009 a request to bid on natural gas supply was sent to the President of Champ Oil without response. Thus, an arms length price of natural gas between an affiliate as defined by KRS Section 278.2213(6) and 278.2207(1b) supports that the cost at which Citipower can buy local gas is the market rate. Further, Citipower has changed its pricing mechanism due to the fact of the PSC inquiry as to why NYMEX was used in the past as a pricing mechanism (Case 2009-0080).

Should you have any questions or concerns regarding this matter, please call me at 800-246-2576.

Sincerely,

  
CITIPOWER, LLC  
John Forsberg, Controller

**CITIPOWER, LLC**

**QUARTERLY REPORT OF GAS COST  
RECOVERY RATE CALCULATION**

Date Filed:

May 29, 2009

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Date Rated to be Effective:

July 1, 2009

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Reporting Period is Calendar Quarter Ended:

March 31, 2008

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CITIPOWER, LLC

SCHEDULE I

GAS COST RECOVERY RATE SUMMARY

<u>Component</u>	<u>Unit</u>	<u>Amount</u>
Expected Gas Cost (EGA)	\$/Mcf	\$10.1886
Refund Adjustment (RA)	\$/Mcf	\$0.0000
Actual Adjustment (AA)	\$/Mcf	(\$0.2909)
Balance Adjustment (BA)	\$/Mcf	(\$0.0588)
Gas Cost Recovery Rate (GCR)	\$/Mcf	\$9.8389

to be effective for service rendered from July 1, 2009 to Sept 30 2009.

<u>A. EXPECTED GAS COST CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Total Expected Gas Cost (Sch II)	\$/Mcf	\$850,487
/Sales for the 12 months ended March 31, 2009	\$/Mcf	83,474
Expected Gas Cost	\$/Mcf	\$10.1886
<u>B. REFUND ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Supplier Refund Adjustment for Reporting Period (Sch III)	\$/Mcf	\$0.0000
+Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$0.0000
+Second Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$0.0000
+Third Previous Quarter Supplier Refund Adjustment	\$/Mcf	\$0.0000
=Refund Adjustment (RA)	\$ Mcf	\$0.0000
<u>C. ACTUAL ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Actual Adjustment for the Reporting Period (Sch IV)	\$/Mcf	(\$0.4446)
+Previous Quarter Reported Actual Adjustment	\$/Mcf	(\$0.0143)
+Second Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.0001
+Third Previous Quarter Reported Actual Adjustment	\$/Mcf	\$0.1679
=Actual Adjustment (AA)	\$ Mcf	(\$0.2909)
<u>D. BALANCE ADJUSTMENT CALCULATION</u>	<u>Unit</u>	<u>Amount</u>
Balance Adjustment for the Reporting Period (Sch V)	\$/Mcf	(\$0.0031)
+Previous Quarter Reported Balance Adjustment	\$/Mcf	\$0.0106
+Second Previous Quarter Reported Balance Adjustment	\$/Mcf	(\$0.0305)
+Third Previous Quarter Reported Balance Adjustment	\$/Mcf	(\$0.0358)
=Balance Adjustment (BA)	\$ Mcf	(\$0.0588)

CITIPOWER, LLC

SCHEDULE II

EXPECTED GAS COST

Actual Mcf Purchases for 12 months ended December 31, 2008

(1) Supplier	(2) Dth	(3) Btu Conversion Factor	(4) Mcf	(5) Rate	(6) (4) x (5) Cost
Citigas			83,627	\$10.1700	\$850,487

Totals			83,627		\$850,487
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Line loss for 12 months ended 3/31/2009 is based on purchases of 83,627  
and sales of 83,474 Mcf. 0.18%

	Unit	Amount
Total Expected Cost of Purchases (6)		\$850,487
/ Mcf Purchases (4)		83,627
= Average Expected Cost Per Mcf Purchased		\$10.1700
x Allowable Mcf Purchases (must not exceed Mcf sales / .95)		83,627
= Total Expected Gas Cost (to Schedule IA)		\$850,487

CITIPower, LLC

SCHEDULE IV

ACTUAL ADJUSTMENT

For the 12 month period ended March 31, 2009.

<u>Particulars</u>	<u>Unit</u>	<u>Jan. '09</u> <u>Month 1</u>	<u>Feb. '09</u> <u>Month 2</u>	<u>Mar. '09</u> <u>Month 3</u>
Total Supply Volumes Purchased	Mcf	15,525	11,902	8,953
Total Cost of Volumes Purchased	\$	\$196,798	\$146,528	\$118,287
/ Total Sales *	Mcf	15,525	11,902	8,953
= Unit Cost of Gas	\$/Mcf	\$12.6762	\$12.3112	\$13.2120
- EGC in Effect for Month	\$/Mcf	\$13.7089	\$13.7089	\$13.7089
= Difference	\$/Mcf	(\$1.0327)	(\$1.3977)	(\$0.4969)
x Actual Sales during Month	Mcf	15,525	11,902	8,953
= Monthly Cost Difference	\$	(\$16,032.42)	(\$16,635.33)	(\$4,448.78)
Total Cost Difference			\$	(\$37,116.53)
/ Sales for 12 months ended 3/31/09			Mcf	83,474
= Actual Adjustment for the Reporting Period (to Sch IC)				(\$0.4446)

\* May not be less than 95% of supply volume

## CITIPOWER, LLC

**SCHEDULE V  
BALANCE ADJUSTMENT**

Case No. 2008-0158

Effective Date	Mcf Sales	Factor	Refunded	Balance
Beginning Balance				(\$1,007)
Mar-08	9,178	(\$0.0115)	(\$105.55)	(\$1,112)
Apr-08	6,909	(\$0.0115)	(\$79.45)	(\$1,033)
May-08	5,983	(\$0.0115)	(\$68.80)	(\$964)
Jun-08	2,782	(\$0.0115)	(\$31.99)	(\$932)
Jul-08	2123	(\$0.0115)	(\$24.41)	(\$907)
Aug-08	2193	(\$0.0115)	(\$25.22)	(\$882)
Sep-08	2,206	(\$0.0115)	(\$25.37)	(\$857)
Oct-08	5,287	(\$0.0115)	(\$60.80)	(\$796)
Nov-08	8,486	(\$0.0115)	(\$97.59)	(\$699)
Dec-08	11,125	(\$0.0115)	(\$127.94)	(\$571)
Jan-09	15,525	(\$0.0115)	(\$178.54)	(\$392)
Feb-09	11,902	(\$0.0115)	(\$136.87)	(\$255)
<hr/>				
Under/(Over) Recovery		(\$255)		
Mcf Sales for factor	83,474			
BA Factor		(\$0.0031)		

**Citipower, LLC**  
**Quarterly Report of Gas Cost**  
**Filing Date: 5/29/09**  
**Schedule II - Expected Gas Cost**

<b>Month</b>	<b>Expected</b>			<b>Mcf (Sold)</b>
	<b>Mcf (Purchased)</b>	<b>Rate</b>	<b>Cost</b>	
April-08	7,391	10.17	75,166	6,909
May-08	5,654	10.17	57,501	5,983
June-08	2,782	10.17	28,293	2,782
Jul-08	2,123	10.17	21,591	2,123
Aug-08	2,193	10.17	22,303	2,193
Sep-08	2,206	10.17	22,435	2,206
Oct-08	5,287	10.17	53,769	5,287
Nov-08	8,486	10.17	86,303	8,486
Dec-08	11,125	10.17	113,141	11,125
Jan-09	15,525	10.17	157,889	15,525
Feb-09	11,902	10.17	121,043	11,902
Mar-09	8,953	10.17	91,052	8,953
	<u>83,627</u>		<u>850,487</u>	<u>83,474</u>



# Citigas, LLC

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May 29, 2009

Citipower, LLC  
2122 Enterprise Rd.  
Greensboro, NC 27408

Re: Gas Cost

Your gas cost for July 2009 through September 200 will be as calculated below:

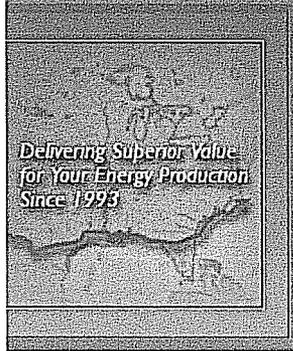
Gas cost per Mcf	\$ 8.47
BTU factor	<u>\$ 1.70</u>
Total	\$10.17

Sincerely,

Daniel R Forsberg  
President

2122 Enterprise Rd.  
Greensboro, NC 27408  
(336) 379-0800  
(336) 379-0881 Fax

		
HOME	+	STORAGE DATA   DAILY PRICING   FUTURES   WEATHER   LATEST NEWS
MANAGEMENT SERVICES	+	
WHO WE ARE	+	
INDUSTRY LINKS	+	
CONTACT US	+	



For Natural Gas Delivered on Thursday, May 28, 2009  
 (Trade Date of Wednesday, May 27, 2009)

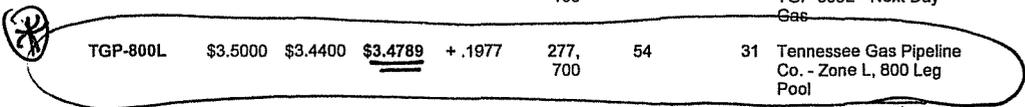
Region Hub	High	Low	Wtd Avg Index	Change	Daily Volume	No. of Trades	No. of Companies	Delivery Point
<b>EAST</b>								
Algonquin Citygates	\$3.9600	\$3.8900	\$3.9200	+ .1591	131,300	35	20	Algonquin Gas Transmissions Co. - Citygates
Col Gas TCO	\$3.7500	\$3.6400	\$3.6764	+ .1447	748,500	141	47	Columbia Gas Transmission Corp. - TCO IPP Pool (Appalachia)
Dominion-South	\$3.7800	\$3.6400	\$3.7300	+ .1154	280,000	53	30	Dominion - South Point
Dracut	\$3.8600	\$3.8400	\$3.8467	+ .1767	4,500	2	4	Maritimes & Tennessee Gas Pipeline Co. - Dracut Interconnect
Iroquois (into)	\$3.8900	\$3.8300	\$3.8577	+ .1489	74,700	13	9	Iroquois Gas Transmission System & TransCanada Pipelines - Interconnect (U.S.)
Iroquois-Z1	\$3.9500	\$3.9500	\$3.9500	- .2600	1,600	1	2	Iroquois - Zone 1
Iroquois-Z2	\$4.0600	\$3.9500	\$3.9807	+ .1316	71,500	17	14	Iroquois - Zone 2
TETCO-M2	\$3.8400	\$3.8100	\$3.8239	+ .1426	38,100	10	12	Texas Eastern Transmission Corp. - M2 Zone (delivered)
TETCO-M3	\$4.0300	\$3.8200	\$3.8620	+ .1666	500,200	86	39	Texas Eastern - M3 Zone
TGP-Niagara	\$3.7900	\$3.7700	\$3.7817	+ .0652	26,900	6	10	Tennessee Gas Pipeline Co. & TransCanada Pipelines, Niagara interconnect (U.S.)
TGP-Z6 200L	\$3.9600	\$3.9100	\$3.9303	+ .1433	93,300	18	15	Tennessee Gas Pipeline Co. - Zone 6, 200 Line (delivered)
Transco-Z6 (non-NY)	\$3.9500	\$3.8700	\$3.9061	+ .1247	55,100	16	15	Transcontinental Gas Pipeline Corp. - Zone 6 (non-NY)
Transco-Z6 (NY)	\$4.0300	\$3.8900	\$3.9429	+ .1644	111,000	28	21	Transcontinental Gas Pipeline Corp. - Zone 6 (NY)
<b>GULF/TEXAS</b>								
ANR-LA	\$3.5450	\$3.4600	\$3.5079	+ .1138	296,200	67	38	American Natural Resources Pipeline Co. - SE Transmission & Gathering Pool
ANR-SE	\$3.5450	\$3.4600	\$3.5081	+ .1156	287,900	62	37	American Natural Resources Pipeline Co. - SE Transmission Pool
Carthage	\$3.3300	\$3.2700	\$3.2950	+ .1123	180,600	29	18	Carthage Hub - Tailgate
CG-Mainline	\$3.5200	\$3.4400	\$3.4914	+ .1533	353,700	65	39	Columbia Gulf Transmission Co. - Mainline Pool
CG-Onshore	\$3.5050	\$3.4600	\$3.4845	+ .1354	165,	29	22	Columbia Gulf

						700					Transmission Co. - Onshore Pool
FGT-Z3	\$3.6500	\$3.6000	\$3.6361	+ .2314	52,300	13	12	Florida Gas Transmission - Zone 3			
Henry	\$3.5300	\$3.4450	\$3.4883	+ .1366	1,263,700	124	33	Henry Hub (IHT)			
Houston Ship Channel	\$3.4300	\$3.2700	\$3.3362	+ .1291	816,800	80	26	Houston Ship Channel - Houston Pipe Line Pool			
Katy	\$3.5400	\$3.3150	\$3.3909	+ .1712	609,600	105	40	Katy (Enstor Pool, Oasis, Lonestar Inta & Inter)			
Moss Bluff Inter	\$3.4700	\$3.4400	\$3.4508	+ .1208	222,200	17	8	Moss Bluff Interconnect (buyers' choice delivered excludes in-ground transfer)			
NGPL-LA Pool	\$3.3600	\$3.3600	\$3.3600	+ .1230	5,000	1	2	Natural Gas Pipeline Co. of America - Louisiana Pooling PIN			
NGPL-STX	\$3.4300	\$3.3500	\$3.4025	+ .1609	235,000	39	17	Natural Gas Pipeline Co. of America, South Texas Pool			
Pine Prairie	\$3.5200	\$3.5100	\$3.5112	+ .1519	17,100	4	5	Pine Prairie Hub (Evangeline Parish, LA)			
Sonat-T1	\$3.5400	\$3.4700	\$3.5263	+ .1852	176,300	29	20	Southern Natural Gas Co. - Tier 1 Pool			
TETCO-ELA	\$3.5475	\$3.4500	\$3.5204	+ .1174	307,800	55	26	Texas Eastern Transmission Corp. - East LA			
TETCO-ETX	\$3.3500	\$3.2000	\$3.2870	+ .1615	31,900	14	14	Texas Eastern Transmission Corp. - East Texas Zone			
TETCO-M1 24	\$3.2000	\$3.1500	\$3.1745	+ .0945	9,800	2	4	Texas Eastern Transmission Corp. - M1 24 inch			
TETCO-M1 30	\$3.6500	\$3.6150	\$3.6240	+ .1708	73,100	21	15	Texas Eastern Transmission Corp. - M1 30 inch			
TETCO-STX	\$3.4300	\$3.3600	\$3.3990	+ .1453	128,600	25	21	Texas Eastern Transmission Corp. - South Texas Zone			
TETCO-WLA	\$3.5200	\$3.4550	\$3.4963	+ .1507	326,300	56	31	Texas Eastern Transmission Corp. - West LA			
TGP-500L	\$3.5250	\$3.4100	\$3.4751	+ .1796	372,100	75	39	NG Firm Phys, FP - TGP-500L - Next Day Gas			
TGP-800L	\$3.5000	\$3.4400	<u>\$3.4789</u>	+ .1977	277,700	54	31	Tennessee Gas Pipeline Co. - Zone L, 800 Leg Pool			
TGP-Z0	\$3.4800	\$3.3800	\$3.4429	+ .1499	188,100	42	27	Tennessee Gas Pipeline Co. - Zone 0			
TGT-SL (FT)	\$3.5100	\$3.4600	\$3.4773	+ .1134	180,100	33	23	Texas Gas Transmission Corp. - Zone SL FT Pool			
TGT-Z1 (FT)	\$3.4900	\$3.3700	\$3.4660	+ .1512	299,600	50	25	Texas Gas Transmission Corp. - Zone 1 FT Pool			
TGT-Z1 (IT)	\$3.4500	\$3.4500	\$3.4500	- .4300	4,300	1	2	Texas Gas Transmission Corp. - Zone 1 IT Pool			
Transco-30	\$3.5900	\$3.4400	\$3.5170	+ .1589	73,900	21	15	Transcontinental Gas Pipeline Corp. - Station 30 (zone 1)			
Transco-45	\$3.5750	\$3.5000	\$3.5466	+ .1887	160,600	26	19	Transcontinental Gas Pipeline Corp. - Station 45 (zone 2)			
Transco-65	\$3.6700	\$3.5800	\$3.6230	+ .1388	350,600	63	36	Transcontinental Gas Pipeline Corp. - Station 65 (zone 3)			
Transco-85	\$3.7200	\$3.5500	\$3.6566	+ .0113	55,700	13	14	Transcontinental Gas Pipeline Corp. - Station 85 (zone 4)			

MCF  
 Citizens change  
 BTU factor  
 Cost of Gas

$$\frac{3.4789}{5.0000} = 8.4789$$

$$\frac{8.4789}{1.2} = \$10.17$$



**Citizens Gas Utility District**  
**of Scott and Morgan Counties**  
P.O. Box 68  
Deer Lodge, TN 37726  
(423) 965-3914

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MAR 02 2009

February 26, 2009

Dan Forsberg, President  
City Power, LLC  
2122 Enterprise Road  
Greensboro, North Carolina  
27408

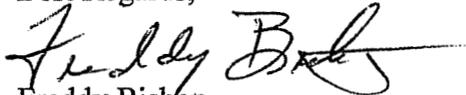
Dear Mr. Forsberg

Citizens Gas Utility District will sell up to 85,000 mmbtu on an annual basis to Citipower at the current delivery point located in Winfield Tennessee. The cost of this gas shall be an amount equal to \$5.00 per mmbtu plus the actual cost of natural gas delivered. The actual cost of natural gas will be determined as the cost of gas for the month of actual deliveries based on the Tennessee/Louisiana 800 leg index.

This offer to sell natural gas to City Power is valid as long as the "Pipeline Lease and Gas Peaking Agreement" between City Power and Citizens Gas is in effect.

If you have any questions, please call.

Best Regards,



Freddy Bishop

CEO

Citizens Gas Utility District

P.O. Box 68

Deerlodge, Tennessee 37726

# Citizens Gas Utility District Of Scott and Morgan Counties

12519 Scott Highway • P.O. Box 320 • Helenwood, TN. 37755  
Phone : (423) 569-4457 Fax : (423) 569-5303  
[www.citizensgas.org](http://www.citizensgas.org)

## Invoice

**Date: MARCH 5, 2009**

**Number: 0309-CitiGas**

**To: CitiGas, LLC.**

2122 Enterprise Road  
Greensboro, NC. 27408

**Due: March 31, 2009**

Quantity	Description	Unit Price	Amount
	February 2009 Deliveries		
	Isham Road Compressor: 1,436 DTH @ \$ 9.54		\$ 13,699.44
	(1,175 MCF * 1.222 BTU = 1,436 DTH)		
	(TGP – 500 Leg Index for February 2009 plus \$5.00)		
		<b>TOTAL DUE</b>	<b>\$ 13,699.44</b>